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IN THE
Supreme Court of the United States
OCTOBER TERM, A. D. 1946.

No. 700

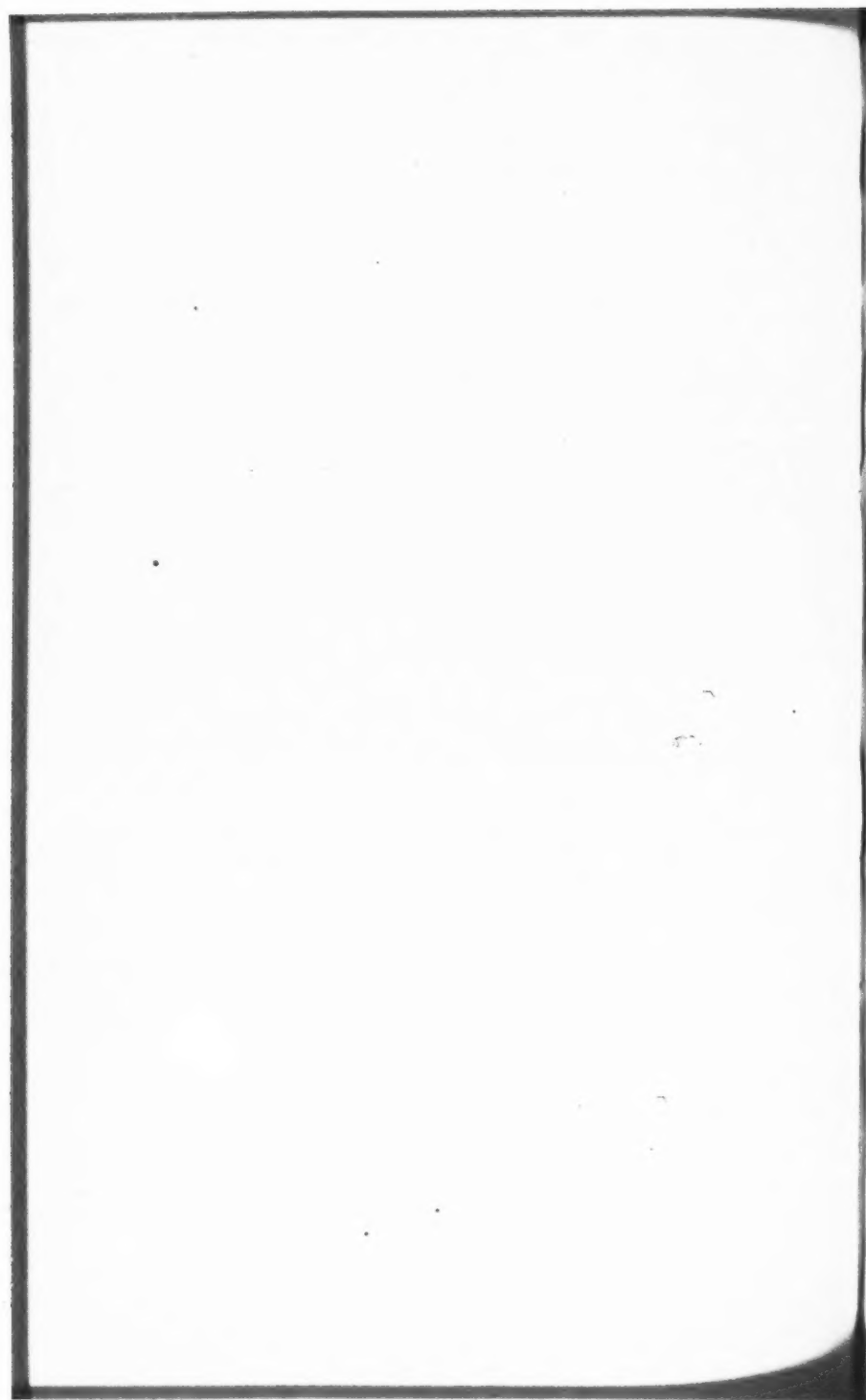
BORG-WARNER CORPORATION AND DAVID
E. GAMBLE,
Petitioners,

VS.

GEORGE I. GOODWIN AND JOHN F. DAUKUS,
Respondents.

**RESPONDENTS' BRIEF IN OPPOSITION TO PETI-
TION FOR WRIT OF CERTIORARI.**

✓ RAYMOND L. GREIST,
Counsel for Respondents.



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Petitioners base their request for the issuance of a writ of certiorari in this case on the assumption that it is the policy of this Court to take up for review decisions in patent infringement suits favorable to the patents involved, whenever, irrespective of the thoroughness with which all matters in dispute may have been considered and decide by the Court of Appeals, there is a semblance of authority for contending that the industry primarily affected by the decision is concentrated in the Circuit

served by said Court. That assumption is clearly erroneous (see Appendix, Part IV).

No Real Concentration of Industry Is Involved.

The patent here in suit relates to a clutch plate for use in all kinds of automobiles, including limousines, commercial delivery cars, trucks and buses. The infringement complained of and established, was the manufacture and sale of clutch plates of one particular construction.

There is no concentration of the clutch plate industry in the Sixth Circuit. Petitioners do not in so many words say that there is, but their statements regarding the "automobile industry" appearing on pages 7 and 8 of the Petition are intended to give that impression.

Petitioners contend that because the "automobile industry" is "concentrated primarily" in the Sixth Circuit this Court should take this case up on certiorari, review all the evidence and then reverse the fully and well considered decision of the Court of Appeals.

In the first place, the clutch plate industry, to which the patent in suit more particularly relates, is *not* the automobile industry and it is *not* concentrated in the Sixth Circuit (See Appendix, Part II).

While the automobile industry, as distinguished from the more highly specialized clutch plate industry originated in the Sixth Circuit and up to several years ago was rather closely concentrated in that Circuit, that situation has in more recent years changed materially and is continuing to change even more. Present day automobile manufacturers (producers of not only pleasure cars but limousines, commercial delivery cars, trucks and buses) are now located for the most part *outside* the Sixth Cir-

cuit (See Appendix, Part I), while clutch plate manufacturers, the concerns most likely to be interested initially in employing the invention of the patent in suit, are located *predominantly* outside the Sixth Circuit and do business everywhere in the United States, not only with the widely spread out automobile manufacturers but with thousands of dealers, garages and repair shops as well (See Appendix, Part III).

There Is Nothing About the Present Case Which Would Justify this Court in Granting Certiorari.

This is an ordinary patent case. The decision of the Court of Appeals of the Sixth Circuit is not in conflict with any decision of any other Court of Appeals as the patent has not been involved in any other litigation. No new questions of patent law are presented. The Court of Appeals of the Sixth Circuit has not interpreted any patent law in a manner at variance with any prior decisions or doctrines of this Court, but in its consideration of the case has instead carefully followed the guidance of this Court. The public interest involved is no more than that which is necessarily present in every patent case. The patent is not one of doubtful validity. The Court of Appeals found the invention "clearly patentable" (R. 444).

Petitioners have had their day in Court. The issues which they are now attempting to have re-adjudicated, upon the contention of an alleged concentration of industry, are typical of every patent case and they are the same issues which received the fullest consideration by the Court of Appeals.

The decision rendered by the Court of Appeals involved an obviously thorough and painstaking review of all the evidence and a sound application of the law on every con-

tested issue in complete accordance with past decisions and doctrines of this Court (R. 439 to 495, inclusive). In an ordinary patent case such as this, the decision of a Circuit Court of Appeals should be final.

Petitioners raise a number of questions which they attempt to dignify by making extravagant and wholly unsupported statements regarding the evidence in the case. In final analysis petitioners' grievance is their failure to have prevailed.

Decisions in all patent cases naturally involve the application of important patent laws, in the light of the interpretation given those laws by this Court, and a good proportion of all patent cases involve subject matter which on one theory or another can be said to pertain to some particular industry. Since most industries are to an extent concentrated more in one section of the country than another, due ordinarily to geographic conditions, proximity of raw materials or markets, it follows if petitioners' contentions here are correct that this Court to do equal justice to all would be obliged to take upon itself the work of a court of review in most patent cases. Certainly that is not either the intention or the policy of this Court.

The Schriber-Schroth case, upon which petitioners place such great emphasis, not only involved a concentration of industry but involved *on its face* a new question of patent law respecting the right of an applicant to claim something in his patent which he did not originally disclose in his application. No such question is involved here.

The Earlier Daukus Patent Was Exhaustively Considered and Rejected as Not Disclosing the Invention Here Involved.

The Patent Office Examiners during the prosecution of the Daukus and Gamble applications thoroughly went into the question of whether or not the earlier Daukus patent contained any teaching of the invention of the Daukus patent in suit. After full consideration they found that it did not.

Later, after the interference was declared between the Daukus and Gamble applications, the question of patentability was reviewed and fully explored upon motions to dissolve and motions to amend brought by both parties before the Examiner of Interferences, and in connection with those motions the earlier Daukus patent and certain other prior art patents were again considered. As a result of those motions the issue of the interference was amended by cancelling certain claims (upon Daukus' motion) and by adding certain other claims (upon Gamble's motion).

The claims which thereafter constituted the re-formed issue were the *same* claims with respect to which priority of invention was thereafter determined and the *same* claims which have since been sustained by the Court of Appeals. In other words, the claims which the Court of Appeals found valid and infringed are not only the same claims which were considered at such great length before the Patent Office in both *ex parte* and *inter parte* proceedings but are in part the very claims which Borg-Warner's *own* attorneys drafted and moved to have included in the Interference issue.

**The Only Prior Art Defense Ever Seriously Urged by
Borg-Warner Was Its Own Integral Cushion Plate.**

The prior use which Borg-Warner alleged and primarily relied on, first before the District Court and later before the Court of Appeals, was not the prior use which Borg-Warner now refers to in its Petition, but rather Borg-Warner's old integral cushion plate which for ten years was probably the most widely sold plate in the industry.

All of Borg-Warner's "new evidence" before the District Court was concerned *exclusively* with proving the existence of the old integral cushion plate, which plate was well known to every car manufacturer and garage repair man in the country. We offered to stipulate all such evidence at the outset (R. 77, 78, 80, 81), but Borg-Warner refused our offer for no other reason than to be able to present a *voluminous* record to the District Judge in the hope of confusing him—which they succeeded in doing, as evidenced by the indefiniteness of the only Finding of Fact on the subject, namely, Finding No. 11. The District Court failed to appreciate the fact that Borg-Warner's mass of proofs were concerned with nothing more pertinent than its own old integral cushion plate, which type of plate is devoid of any similarity to the plate of the patent in suit and was fully considered by the Patent Office on the basis of previously issued patents.

**The District Court's Finding on the Question of Validity
Was Nothing More Than a Brief General Conclusion
Unsupported by Any Particular Fact or Facts.**

The findings of fact made by the District Court were little more than general conclusions of law—and this is particularly true of the only finding which the Court of Appeals reversed, namely, Finding No. 11 (R. 37). That finding did not set forth any specific fact or facts capable of being identified as the basis for the general conclusion stated therein. It therefore did not give the Court of Appeals anything from which that Court could determine without studying the entire record whether the conclusion was correct or erroneous. As a result the Court of Appeals was compelled to and did painstakingly examine into all of the evidence. The finding in question was *clearly erroneous* and the Court of Appeals so held.

The District Court could hardly have made a full examination of the evidence, or have comprehended the nature of the integral cushion type plate to which all of the evidence (with the exception of the interference record) was exclusively directed, otherwise it is inconceivable how it could have reached the vague general conclusion which it stated in Finding No. 11. No witnesses testified before the Court. The new evidence was all by way of depositions, and concerned only the manufacture and sale by Borg-Warner of its own integral cushion type plate. The reading of the depositions was dispensed with by the District Court at the trial as unnecessary.

There Is No Unusual Public Interest Involved.

"Public Interest" is a poor excuse for Borg-Warner Corporation now to urge.

The Daukus patent in suit covers a clutch plate of but one particular construction. There are any number of other clutch plate constructions which others can use and are using, for no reason other than that they prefer them.

Clutch plates coming under the Daukus patent represent but a small fraction of the plates which at present are being supplied for use. Even Borg-Warner's production of clutch plates, which amounts to several million plates per year of all types, for the most part consists of non-infringing types.

Commencing with its filing of the original complaint in this case (see prayer of complaint, R. 8) and continuing in a hedging manner throughout the entire proceeding before the District Court, Borg-Warner used every means at its command to get the decision of the Patent Office Board of Interference Examiners reversed, not on the question of patentability, but on the question of priority of invention, in an attempt to get a patent issued to itself on the Gamble application, for the same invention, and with the same claims awarded to Daukus.

Borg-Warner professes to be, and undoubtedly through its several subsidiaries is, the largest manufacturer of clutch plates in the world. Over a period of many years Borg-Warner has obtained scores of patents on trivial clutch plate details, predicated on every conceivable variation of the slightest idea, solely for its own exclusive benefit, whereby to continue to pre-empt the field against all others. While none of those patents have ever been favor-

ably adjudicated, their number alone has served to deter competition.

Now an individual has finally succeeded in inventing what even Borg-Warner (prior to the decision of the Court of Appeals) conceded to be the most outstanding invention in clutch plates in more than a decade (Plaintiffs' Exhibit AAA8, commencing on page 31). Borg-Warner tried to get a patent on the same invention for itself. Failing to prevail before the Patent Office, it instituted an action in the District Court at Detroit under R. S. 4915 (R. 9, see prayer 7(a)). Finally losing before the Court of Appeals it brings this petition crying "concentration of industry" and deliberately misrepresenting certain of the facts upon which the thorough and well considered decision of the Court of Appeals was based.

The Patent in Suit Is and Has Been Available on Reasonable Terms to Anyone Wishing to Use It.

Respondents recognized from the outset that, not being manufacturers themselves, the only way in which they could hope to realize on the invention was by either selling the patent or licensing it to others on a reasonable royalty basis. They have no desire to interfere with anyone's use of the invention. Their only desire, and a natural one, is that the invention be used to the fullest extent by anyone and everyone who wishes to do so, asking in return but reasonable compensation for such use.

At the termination of the Interference, after priority of invention had finally been awarded to Daukus as the result of long and hotly contested proceedings, Daukus offered both Borg-Warner and its customer, Chrysler Corporation, licenses to use the invention (R. 121-128).

Borg-Warner refused to enter into any sort of settlement but instead brought the action under R. S. 4915 to

have priority awarded to Gamble, which action resulted in this litigation. Chrysler postponed any decision regarding the taking of a license pending the outcome.

Upon the decision of the Court of Appeals holding the Daukus patent valid and infringed respondents made renewed overtures to both Borg-Warner and Chrysler, offering each of them a license under the patent on a reasonable royalty basis—less than 5%. These offers still stand, notwithstanding Borg-Warner's exhaustive tactics.

In order to reach anyone else who might be interested in using the invention respondents have also publicly offered the Daukus patent for either licensing or sale. That offer was filed with the Commissioner of Patents on October 30, 1946, was entered as of that date in the *Official Register of Patents Available for Licensing or Sale*, and was published on November 26, 1946, in Volume 592 of the *Official Gazette of the Patent Office*, at page 418.

We repeat that "public interest" is a poor excuse for Borg-Warner to urge. If Borg-Warner had prevailed in the Interference proceeding no one other than Borg-Warner and its customers would ever have been permitted to derive any benefit from the invention, and that to the exclusion of all others. Instead, anyone now interested in using the invention is in a position to do so, without appreciable burden, since respondents can only realize on their investment through use of the invention by others, and the wider that use the more substantial their return.

CONCLUSION.

We earnestly urge that the petition be denied.

Respectfully submitted,

RAYMOND L. GREIST,

Counsel for Respondents.

APPENDIX.

Part I.

Independent **automobile manufacturers** (producers of pleasure cars, limousines, commercial delivery cars, trucks and buses who are located in Circuits **other** than the Sixth Circuit and who are **not** subsidiaries of any concerns located in the Sixth Circuit:

ACF-Brill Motors Co., Philadelphia Pa.....	3rd Circuit
Autocar Company, Ardmore, Pa.....	3rd Circuit
Available Truck Co., Chicago, Ill.....	7th Circuit
Bobbi Motor Car Corp., San Diego, Cal.....	9th Circuit
Brockway Motor Co., Cortland, N. Y.....	2nd Circuit
Condor Motors, Inc., Chicago, Ill.....	7th Circuit
Corbett Co., Henderson, N. C.....	4th Circuit
Dart Truck Company, Kansas City, Mo.....	8th Circuit
Diamond T Motor Car Company, Chicago, Ill..	7th Circuit
Esco Motor Company, Pittsburgh, Pa.....	3rd Circuit
Fourwheel Drive Auto Company, Clintonville, Wis.	7th Circuit
General American Aerocoach Co., Chicago, Ill..	7th Circuit
Hahn Motors, Inc., Hamburg, Pa.....	3rd Circuit
Hendrickson Motor Truck Co., Chicago, Ill....	7th Circuit
International Harvester Co., Chicago, Ill.....	7th Circuit
Kenworth Motor Truck Corp., Seattle, Wash...	9th Circuit
Linn Coach and Truck Co., Oneonta, N. Y.....	2nd Circuit
Linn Manufacturing Co., Morris, N. Y.....	2nd Circuit
MacDonald Truck & Mfg. Co., San Francisco, Cal.	9th Circuit
Mack Manufacturing Corp., New York, N. Y...	2nd Circuit
Marmon-Herrington Co., Indianapolis, Ind....	7th Circuit
Oshkosh Motor Truck, Inc., Oshkosh, Wis.....	7th Circuit
Peterbilt Motors Co., Oakland, Cal.....	9th Circuit
Pirsch & Sons Co., Kenosha, Wis.....	7th Circuit
Rehrberger & Son, Inc., Newark, N. J.....	3rd Circuit
Southern Coach Mfg. Co., Evergreen, Ala....	5th Circuit
Sterling Motor Truck Co., Milwaukee, Wis....	7th Circuit
Studebaker Corporation, South Bend, Ind....	7th Circuit

Walter Motor Truck Co., Ridgewood, L. I., N. Y. 2nd Circuit
 Ward-LaFrance Truck Co., Elmira Heights,
 N. Y. 2nd Circuit

(The above listing is taken from pages 9 and 10 of the last quarterly issue of *Chilton Automotive Buyer's Guide*, dated August, 1946, which publication we believe to be the most complete, authentic and widely used reference book on the subject.)

These concerns for the most part do not make clutch plates which they install in their vehicles but buy them from regular clutch and clutch plate manufacturers.

Part II.

Clutch and clutch plate manufacturers who are located in Circuits other than the Sixth Circuit and who are not subsidiaries of any concerns located in the Sixth Circuit:

Atkins & Co., Indianapolis, Ind. 7th Circuit
 Atwood Clutch Co., Auburn, Ind. 7th Circuit
 Borg & Beck Company, Chicago, Ill.* 7th Circuit
 Burgess-Norton Mfg. Co., Geneva, Ill. 7th Circuit
 Crosby Company, Buffalo, N. Y. 2nd Circuit
 Curtis Clutch Disc Co., St. Louis, Mo. 8th Circuit
 Disston & Sons, Philadelphia, Pa. 3rd Circuit
 Ingersoll Steel Company, Chicago, Ill.* 7th Circuit
 International Parts Corp., Chicago, Ill. 7th Circuit
 Jambor Tool & Stamping Co., Milwaukee, Wis. 7th Circuit
 Keystone Gasket Co., Philadelphia, Pa. 3rd Circuit
 Lipe-Rollway Corp., Syracuse, N. Y. 2nd Circuit
 Perfection Gear Co., Harvey, Ill. 7th Circuit
 Rockford Clutch Co., Rockford, Ill.* 7th Circuit
 Warner Automotive Parts Co., Auburn, Ind.* . 7th Circuit

* These particular concerns are subsidiaries of Borg-Warner Corporation, which corporation is also located in the 7th Circuit.

(The above listing is taken from pages 64 and 94 of the last quarterly issue of *Chilton Automotive Buyer's Guide*, dated August, 1946.)

The above concerns make clutch plates of various types for automotive vehicles and for the most part sell them both direct and through regional agencies to automobile manufacturers, wholesalers, dealers, garages and repair shops located throughout the United States.

Part III.

There were at the beginning of the war, and there probably now are, in the neighborhood of 48,000 so-called **Independent Repair Shops** engaged in the business, among other things, of buying clutch plates of various kinds from clutch and clutch plate manufacturers and installing them as replacements in automobiles all over the country. This total does not include either wholesalers or car or truck dealers.

(The above statistics are taken from page 45 of the same March 15, 1945 issue of *Automotive and Aviation Industries* which petitioners referred to on page 34 of their petition, where, incidentally, petitioners carefully avoided listing anything other than data pertaining to pleasure car manufacturers.)

Part IV.

Since the Schriber-Schroth case there have been five Sixth Circuit patent cases relating to the automobile industry in which petitions for writs of certiorari were filed. In every one of them certiorari was denied. These cases, and their subject matter, are as follows:

No.	Term	Brief Title	Subject Matter
301	1940	Timken-Detroit Axle Co. v. Lempeo Products, Inc.	Axle drive shaft
652	1941	Ternstedt Mfg. Co. v. Motor Products Co.	Automobile body
1141	1941	Berry v. Bohn Aluminum & Brass Corp.	Automobile engine piston
138	1942	Boez v. Hudson Motor Car Co.	Dampener for automobile driven shaft
530	1942	Swan Carburetor Co. v. Chrysler Corp.	Intake manifold for automobile engines
149	1943	Celanese Corp. of America v. Libbey - Owens - Ford Glass Co.	Safety glass for automobile bodies

All of these cases necessarily involved questions of interpretation of the patent laws in their bearing on the validity of the patents, and all of them were equally as much concentration of automobile industry cases as the Schriber-Schroth case.

In each, it is true, the patent had been held invalid and the patentee denied all relief by the Court of Appeals, but certainly whether or not a patent has been sustained is not the equitable criterion which this Court employs in considering certiorari in concentration of industry cases. If concentration can be said to exist to such an extent as to make really improbable any likelihood of unauthorized use of the invention and consequent litigation in other circuits, there would be just as much reason to grant certiorari in a case where the patentee has failed to prevail as in a case where he has prevailed. In either event, the theory underlying concentration cases would, in equal justice to all, be the same. In the first mentioned situation, the patentee would never be afforded the opportunity to litigate in another circuit and all manufacturers in the circuit of concentration would be immune, notwithstanding that the

decision in that circuit on the question of validity might have been wrong. In other words, the thing cuts both ways, and the Court's refusal to grant certiorari in such cases as the above mentioned ones would clearly indicate that alleged concentration of industry alone is definitely not considered by this Court to constitute sufficient grounds for granting certiorari.